

IMPORT QUOTAS ON WHEAT

Exchange of notes at Ottawa May 28, 1941

Entered into force May 28, 1941

*Superseded July 1, 1949, by International Wheat Agreement*¹

*Department of State Bulletin,
May 31, 1941, p. 665*

The American Minister to the Secretary of State for External Affairs

No. 384

OTTAWA, CANADA, May 28, 1941

SIR:

1. I have been instructed to call to your attention the fact that due to legislative action looking toward an increase in the income of American wheat producers there has been a substantial rise in the price of wheat in the United States. As a result of this development the spread between the price of wheat in the United States and the price of wheat in Canada has materially widened, thus making practicable an abnormal importation of Canadian wheat into the United States for consumption.

2. In view of the prospects of a record carryover of wheat in the United States, prospects for a better than average wheat production this year and extremely limited possibilities for export, it is obvious that the United States is faced with a surplus problem of its own. Furthermore, the importation of appreciable quantities of wheat from Canada would materially interfere with the proposed wheat program of the United States set forth in the preceding paragraph.

3. In view of this situation, the Government of the United States regretfully finds it necessary on the basis of the findings of the United States Tariff Commission to place a limitation on the importation of Canadian wheat.² Such action, however, will not apply to the movement of Canadian wheat into the United States for milling in bond and export, or to Canadian wheat moving through the United States for export. In the latter connection, moreover, the Government of the United States is anxious to collaborate closely with Canadian wheat authorities in making the most effective use of the available storage facilities in the United States.

¹ TIAS 1957, *ante*, vol. 4, p. 800.

² See Proclamation 2489 dated May 28, 1941 (55 Stat. 1649).

4. In taking the action referred to above, the Government of the United States recognizes that the wheat problem is, in fact, an international problem and one in which the Governments of Canada and the United States have mutual interest. It is for this reason that the Government of the United States welcomes the recent indication of the Canadian Government of its willingness to resume discussions on an international basis of the whole wheat surplus problem. The Government of the United States accordingly proposes to extend invitations for such discussions in Washington in the near future.

5. In addition to such discussions, however, the Government of the United States feels that there is a need for continuing consultation between appropriate authorities of our two governments with a view to preventing to the fullest possible extent divergencies in our respective wheat programs and policies. It is believed such collaboration would be in accord with the purposes of the two governments to work toward a closer integration of the economies of both countries. The Government of the United States would accordingly welcome an expression of the views of the Canadian Government on this subject.

Accept, Sir, the renewed assurances of my highest consideration.

PIERREPONT MOFFAT

The Right Honorable

THE SECRETARY OF STATE

FOR EXTERNAL AFFAIRS,

Ottawa.

The Secretary of State for External Affairs to the American Minister

OFFICE OF THE SECRETARY OF STATE
FOR EXTERNAL AFFAIRS
CANADA

No. 89

OTTAWA, May 28th, 1941

SIR:

I have the honour to acknowledge receipt of your Note of May 28th, 1941, No. 384 and in reply to inform you that the Canadian Government appreciates fully the nature of the wheat program now being undertaken in the United States. In view of the circumstances described in your Note I am glad be able to assure you that Canada is prepared to cooperate by avoiding, so far as may be possible, any action which would be likely to embarrass your Government in the execution of measures designed to improve the domestic position of wheat producers in the United States.

2. The Canadian Government is gratified to note that nothing will be done to impede the movement through the United States of Canadian wheat destined for export from American seaboard ports, or for milling in bond for export. As you are aware this movement through the United States is

important in order to maintain the regular and continuous shipment of Canadian wheat overseas.

3. In view of the problem of surplus wheat with which the governments of almost all the major exporting countries are now confronted, and having in mind the altered conditions and prospects for trade resulting from the war, the Canadian Government welcomes the proposal that the discussions of this problem with the governments of the United States and other interested countries, should be resumed.

4. Apart from discussion of the international problem, the Canadian Government recognizes the value of, and is willing to participate in, continuing consultations on this subject as it affects the United States and Canada. It is assumed that these consultations will embrace such aspects of the problem as the mutually advantageous use of storage facilities in the United States and Canada, as well as all decisions in the field of wheat policy which, although taken by one Government, may have a bearing on the interest of the other.

Accept, Sir, the renewed assurances of my highest consideration.

W. L. MACKENZIE KING
*Secretary of State
for External Affairs*

THE UNITED STATES MINISTER TO CANADA,
Ottawa.